

Congress of the United States
Washington, DC 20510

April 26, 2022

The Honorable Joseph R. Biden
President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden,

On March 28, 2022, you released your Fiscal Year 2023 Budget and Fiscal Year 2023 Greenbook outlining your tax proposals. The Greenbook contains many provisions that would increase the tax burden on middle-class families and small businesses such as threatening the stepped-up basis of inherited assets by imposing capital gains taxes upon death. Alongside these provisions is an equally troubling plan to have assets that have been held in trusts or partnerships for at least 90 years ‘marked-to-market’¹. **We write to express our concerns with this provision of your tax plan, which would be devastating to generational farmers, ranchers, and other business owners. This is a farm killer tax.**

Agriculture is a multi-generational calling, with many producers operating on the same land as their parents and grandparents did decades before. These farmers and ranchers operate under tight margins in a capital-intensive industry. The small profit they generate is often reinvested into their business, and the wealth they accumulate is held in illiquid assets such as land and equipment.

Your budget's new ‘mark-to-market’ proposal would force landowners to pay a capital gains tax on assets held in their families for 90 years. In 1940, the average cost of farmland in America was roughly \$30 per acre; that cost is now \$4,420 per acre.² With the average farm size in the United States at 444 acres³, the capital gains tax burden for a farm that has been in the family for 90 years could easily be hundreds of thousands of dollars. Most producers already pay hefty property taxes each year. Imposing a new tax on unrealized gains would force many farmers to sell land held in their families for decades or even shut down their operations altogether.

Along with the obvious financial burden that taxing unrealized gains would have on farm and ranch operations, it would also create enormous administrative hurdles. Landowners would be

¹ United States Department of the Treasury. (2022, March). General Explanations of the Administration's Fiscal Year 2023 Revenue Proposals. Retrieved from <https://home.treasury.gov/system/files/131/General-Explanations-FY2023.pdf>.

² United States Department of Agriculture, National Agriculture Statistics Service (2021, August). Land Values 2021 Summary. Retrieved from https://www.nass.usda.gov/Publications/Todays_Reports/reports/land0821.pdf.

³ United States Department of Agriculture, Economic Research Service (2021, May). The Number of U.S. Farm Continues to Decline Slowly. Retrieved from <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58268>.

required to produce property appraisal information from the 1940s and conduct new appraisals to find their current property value to determine their tax liability to the federal government.

Taxing the unrealized gains of generational farm assets threaten our food security and the livelihood of those who feed, fuel, and clothe the world. The day-to-day trials of operating a successful farm or ranch are challenging enough without worrying about paying devastatingly large capital gains taxes. We urge you to reconsider this provision of your tax plan and kill the farm killer tax.

Sincerely,



Tracey Mann
Member of Congress



Glenn "GT" Thompson
Member of Congress



Adrian Smith
Member of Congress



August Pfluger
Member of Congress



Jake Ellzey
Member of Congress



William Timmons, IV
Member of Congress



Mariannette Miller-Meeks, M.D.
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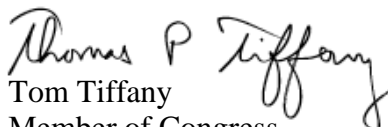
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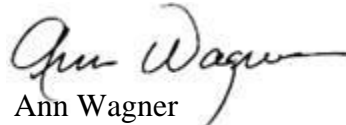
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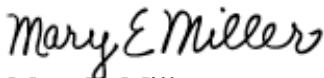
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